

GRANT TOWNSHIP
NEWAYGO COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name GRANT TOWNSHIP	County NEWAYGO
Fiscal Year End MARCH 31, 2006	Opinion Date JUNE 29, 2006	Date Audit Report Submitted to State JULY 27, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

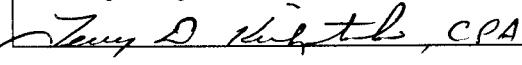
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☒ ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, P.C.		Telephone Number 231-796-3332	
Street Address 211 MAPLE STREET		City BIG RAPIDS	State MI
		Zip 49307	
Authorizing CPA Signature 		Printed Name Terry D. Kirkpatrick	License Number 18035

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Township Board
Grant Township, Newaygo County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grant Township, Newaygo County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise Grant Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Grant Township, Newaygo County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grant Township, Newaygo County, Michigan, as of March 31, 2006, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Grant Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis- for State and Local Governments*, as of March 31, 2005. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grant Township, Newaygo County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Terry Kirkpatrick, CPA, P.C.

Big Rapids, Michigan
June 29, 2006

BASIC FINANCIAL STATEMENTS

Grant Township – Newaygo County, Michigan
Government Wide Statement of Net Assets
March 31, 2006
With Comparative Amounts at March 31, 2005

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and Cash Equivalents	\$ 407,871	\$ 401,865
Tax Receivable	40,640	39,493
Due from Officials	2,016	0
Due from Current Tax Fund	15,035	5,816
Capital Assets (Net)	211,017	219,131
Total assets	<u>\$ 676,579</u>	<u>\$ 666,305</u>
LIABILITIES		
Payroll Tax Payable	\$ 0	\$ 2,783
Due to Fire District	8,179	4,235
Deferred Revenue	4,876	2,820
Total liabilities	<u>13,055</u>	<u>9,838</u>
NET ASSETS		
Invested in capital assets, net of related debt	211,017	219,131
Unrestricted	452,507	437,336
Total net assets	<u>663,524</u>	<u>656,467</u>
Total liabilities and net assets	<u>\$ 676,579</u>	<u>\$ 666,305</u>

The "Notes to Financial Statements" are an integral part of these statements.

Grant Township – Newaygo County, Michigan
Government Wide Statement of Activities
For the Year Ended March 31, 2006
With Comparative Totals for the Year Ended March 31, 2005

	March 31,	
	2006	2005
	Expenses	Governmental Activities
	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
PRIMARY GOVERNMENT		
General Government	\$ 145,184 \$ 30,688 \$ 0 \$ (114,496) \$ (118,999)	
Public Safety	140,411 0 0 (140,411) (116,246)	
Public Works	262,755 0 0 (262,755) (245,795)	
Other Functions	19,902 0 0 (19,902) (18,808)	
Depreciation (unallocated)	8,114 0 0 (8,114) (7,996)	
Total primary government	\$ 576,366 \$ 30,688 \$ 0 \$ 545,678 \$ (507,844)	

General Revenues		
Tax	301,934	239,477
State Grants	239,432	241,506
Interest Earnings	4,672	5,621
Other Revenue	6,697	6,105
Total general revenues	552,735	492,709
Change in Net Assets	7,057	(15,135)
Net assets - Beginning of year	656,467	671,602
Net assets - End of year	\$ 663,524 \$ 656,467	

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Grant Township – Newaygo County, Michigan
 Governmental Fund Balance Sheet
 March 31, 2006
 With Comparative Totals at March 31, 2006

	General Fund	Street Improvement Fund	Non-Major Governmental Funds	March 31, 2006 Totals	2005 Totals
ASSETS					
Cash and Cash Equivalents	\$ 250,217	\$ 157,654	\$ 0	\$ 407,871	\$ 401,865
Taxes Receivable	8,840	23,858	7,942	40,640	39,493
Due from Officials	2,016	0	0	2,016	0
Due from Current Tax Funds	13,969	829	237	15,035	5,816
Total assets	\$ 275,042	\$ 182,341	\$ 8,179	\$ 465,562	\$ 447,174
LIABILITIES AND FUND EQUITY					
Payroll Tax Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,783
Deferred Revenue	4,876	0	0	4,876	2,820
Due to Ashland Grant Fire District	0	0	8,179	8,179	4,235
Fund Balance- Unreserved and Undesignated	270,166	182,341	0	452,507	437,336
Total liabilities and fund equity	\$ 275,042	\$ 182,341	\$ 8,179	\$ 465,562	\$ 447,174

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Total Governmental Fund Balances	\$ 452,507	\$ 437,336
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.		
Cost of capital assets, net of depreciation	211,017	219,131
Net assets of governmental activities	\$ 663,524	\$ 656,467

The "Notes to Financial Statements" are an integral part of these statements.

Grant Township – Newaygo County, Michigan
Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2006
With Comparative Totals for the Year Ended March 31, 2005

	General Fund	Street Improvement Fund	Non-Major Governmental Funds	2006 Totals	March 31, 2005 Totals
REVENUES					
Taxes	\$ 70,561	\$ 173,545	\$ 57,828	\$ 301,934	\$ 239,477
State Grants	239,432	0	0	239,432	241,506
Charges for Services	30,688	0	0	30,688	26,658
Interest and Rents	4,463	209	0	4,672	5,621
Other Revenue	6,697	0	0	6,697	6,105
Total revenues	351,841	173,754	57,828	583,423	519,367
EXPENDITURES					
General Government	145,184	0	0	145,184	149,019
Public Safety	82,583	0	57,828	140,411	125,372
Public Works	9,388	253,367	0	262,755	245,795
Other Functions	19,902	0	0	19,902	18,808
Total expenditures	257,057	253,367	57,828	568,252	538,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	94,784	(79,613)	0	15,171	(19,627)
OTHER FINANCING SOURCES (USES)					
Transfer from General Fund	0	80,000	0	80,000	133,400
Transfer to Street Improvement Fund	(80,000)	0	0	(80,000)	133,400
Total other financing sources	(80,000)	80,000	0	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	14,784	387	0	15,171	(19,627)
Fund Balance - April 1,	255,382	181,954	0	437,336	456,963
Fund Balance - March 31,	\$ 270,166	\$ 182,341	\$ 0	\$ 452,507	\$ 437,336

The "Notes to Financial Statements" are an integral part of these statements.

Grant Township – Newaygo County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended March 31, 2006

With Comparative Amounts for the Year Ended March 31, 2005

	March 31,	
	<u>2006</u>	<u>2005</u>
Net Change in Fund Balances - Total Government Funds	\$ 15,171	\$ (19,627)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is capital outlay for the year.	0	12,488
Depreciation expense	(8,114)	(7,996)
Change in Net Assets of Governmental Activities	<u>\$ 7,057</u>	<u>\$ (15,135)</u>

The "Notes to Financial Statements" are an integrated part of these statements.

Grant Township – Newaygo County, Michigan

Fiduciary Fund

Statement of Net Assets

March 31, 2006

With Comparative Amounts at March 31, 2005

	<u>Agency Fund Type</u>	
	<u>Property Tax Collection Fund</u>	
	<u>2005</u>	<u>2006</u>
ASSETS		
Cash and Cash Equivalents	\$ 9,882	\$ 33,280
Due from Grant District Library	35,165	0
Total assets	<u>\$ 45,047</u>	<u>\$ 33,280</u>
LIABILITIES		
Due to General Fund	\$ 13,969	\$ 5,296
Due to Street Improvement Fund	829	411
Due to Fire Fund	102	38
Due to Fire Equipment Fund	135	71
Due to Other Units of Government	30,012	27,464
Total liabilities	<u>\$ 45,047</u>	<u>\$ 33,280</u>

The "Notes to Financial Statements" are an integrated part of these statements.

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Grant Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Grant Township:

Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Grant Township's property tax is levied on each December 1st on the taxable valuation of property located within Grant Township as of the preceding December 31st.

Grant Township – Newaygo County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

Although the Grant Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Grant Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2005 taxable valuation of Grant Township totaled approximately \$58,785,000, on which ad valorem taxes levied consisted of .7650 mills for the Township operating purposes and an additional 2.9457 mills for roads, .4909 mills for fire equipment, and .4909 mills for fire protection. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Newaygo County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Street Improvement Fund is used to record property tax and interest for expenditures for roads.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports two non-major special revenue funds for a fire fund and a fire equipment fund. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and are considered delinquent on March 1st of the following year, at which time interest and penalties are assessed.

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 Years
Building Improvements	15 to 30 Years
Equipment	5 to 10 Years
Computer Equipment	3 to 7 Years

Grant Township – Newaygo County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by April 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 407,871

The bank balance of the primary government's deposits is \$502,804, of which \$200,000 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Steet Improvement	Non-Major	Total
Taxes receivable	\$ 8,840	\$ 23,858	\$ 7,942	\$ 40,640

Grant Township – Newaygo County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Buildings	\$ 274,541	\$ 0	\$ 0	\$ 274,541
Equipment	6,250	0	0	6,250
Less Accumulated depreciation for Capital assets	(61,660)	(8,114)	0	(69,774)
Net capital assets	<u>\$ 219,131</u>	<u>\$ (8,114)</u>	<u>\$ 0</u>	<u>\$ 211,017</u>

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTE F – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

Grant Township – Newaygo County, Michigan
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended March 31, 2006
 With Comparative Actual Amounts For the Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)	March 31, 2005 Actual
BEGINNING OF YEAR FUND BALANCE	\$ 255,382	\$ 255,382	\$ 255,382	\$ 0	\$ 310,656
Resources (inflows)					
Property Tax	299,736	299,736	70,561	(229,175)	66,132
State Grants	250,000	250,000	239,432	(10,568)	241,506
Charges for Services	18,000	18,000	30,688	12,688	26,658
Interest and Rents	4,000	4,000	4,463	463	5,482
Other Revenue	2,500	2,500	6,697	4,197	6,105
Amounts Available for Appropriation	829,618	829,618	607,223	(222,395)	656,539
Charges to Appropriations (outflows)					
General Government					
Township board	57,162	57,162	39,835	17,327	37,200
Supervisor	20,410	20,410	15,009	5,401	14,565
Elections	6,000	6,000	1,768	4,232	3,671
Assessor	14,000	14,000	13,420	580	13,840
Clerk	20,610	20,610	20,039	571	17,506
Board of review	3,500	3,500	2,415	1,085	2,142
Treasurer	34,210	34,210	27,140	7,070	25,597
Townhall	23,600	23,600	11,452	12,148	16,167
Cemetery	20,000	20,000	14,106	5,894	18,331
Public Safety					
Fire protection	71,000	71,000	12,411	58,589	33,601
Police protection	50,000	50,000	28,600	21,400	30,988
Planning and zoning	45,885	45,885	41,572	4,313	35,341
Public Works					
Drains- Public Benefit	5,000	5,000	9,388	(4,388)	0
Other Functions					
Insurance and Bonds	15,000	15,000	9,156	5,844	11,785
Retirement contributions	9,000	9,000	7,966	1,034	4,506
Social security/ medicare tax	3,000	3,000	2,780	220	2,517
Transfer to Street Improvement Fund	220,000	220,000	80,000	140,000	133,400
Total Charges to Appropriations	618,377	618,377	337,057	281,320	401,157
Budgetary Fund Balance - June 30,	\$ 211,241	\$ 211,241	\$ 270,166	\$ 58,925	\$ 255,382

Grant Township – Newaygo County, Michigan
 Budgetary Comparison Schedule
 Street Improvement Fund
 For the Year Ended March 31, 2006
 With Comparative Actual Amounts for the Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)	March 31, 2005 <u>Actual</u>
BEGINNING OF YEAR FUND BALANCE	\$ 181,954	\$ 181,954	\$ 181,954	\$ 0	\$ 146,307
Resources (inflows)					
Property Tax	204,609	204,609	173,545	(31,064)	147,903
Interest and Rents	1,000	1,000	209	(791)	139
Transfer from General Fund	220,000	220,000	80,000	(140,000)	133,400
Amounts Available for Appropriation	607,563	607,563	435,708	(171,855)	427,749
Charges to Appropriations (outflows)					
Public Works					
Highways and Streets	500,000	500,000	253,367	246,633	245,795
BUDGETARY FUND BALANCE - March 31,	\$ 107,563	\$ 107,563	\$ 182,341	\$ 74,778	\$ 181,954

OTHER SUPPLEMENTAL INFORMATION

Grant Township – Newaygo County, Michigan
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2006
With Comparative Totals at March 31, 2005

	<u>Fire Fund</u>	<u>Fire Equipment Fund</u>	<u>Totals</u>	<u>2005 Totals</u>
ASSETS				
Due from County	\$ 3,944	\$ 3,944	\$ 7,888	\$ 3,412
Due from Current Tax Fund	102	135	237	109
Taxes Receivable	26	28	54	714
Total assets	<u>\$ 4,072</u>	<u>\$ 4,107</u>	<u>\$ 8,179</u>	<u>\$ 4,235</u>
LIABILITIES AND FUND EQUITY				
Due to Fire District	<u>\$ 4,072</u>	<u>\$ 4,107</u>	<u>\$ 8,179</u>	<u>\$ 4,235</u>

Grant Township – Newaygo County, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended March 31, 2006
With Comparative Totals for the Year Ended March 31, 2005

	Fire Fund	Fire Equipment Fund	Totals	2005 Totals
REVENUES				
Current Property Tax	\$ 28,914	\$ 28,914	\$ 57,828	\$ 25,442
EXPENDITURES				
Current				
Public Safety	28,914	28,914	57,828	25,442
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	0	0	0
FUND BALANCE - April 1,	0	0	0	0
FUND BALANCE - March 31,	\$ 0	\$ 0	\$ 0	\$ 0

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CERTIFIED PUBLIC ACCOUNTANT

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June 29, 2006

Members of the Grant Township Board
Grant Township
Newaygo County, MI

We recently completed our audit of the basic financial statements of Grant Township for the year ended March 31, 2006. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Grant Township. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

TREASURER TRANSFER TO TAX ACCOUNT

In May 2006, the Grant Township Tax Collection bank account had a significant deficit balance. The Treasurer made a debit transfer from the General Fund bank account to the Tax Fund bank account to cover this deficit. The proper action to take would have been to determine why the bank account was overdrawn by such a large amount. The tax account normally has no reason to be overdrawn unless there has been a mistake made because all money collected in this fund are owed to other units.

What appears to have been the problem is that check # 1411 was written to the Grant Library in March for \$35,164.96, which cleared the bank on March 23, 2006. Then check #1417 was also issued to the Grant Library in the amount of \$35,164.96, which cleared the bank on April 27, 2006. Therefore, it appears that the overdraft was created by this mistake.

If not already done, the Treasurer should seek a refund from the Grant Library.

In the future, the Treasurer should notify the Township Board of a problem like this and receive their approval prior to transferring money from the General Fund to the Current Tax Fund. This problem started near the end of March and at least through the end of May, the problem had not been resolved and to my knowledge no other Township official was made aware of the transfer nor the reason for it.

SUPERVISOR SIGNED CHECKS

There were several instances during the tax collection season that the Township Supervisor co-signed the tax account checks. The Supervisor's name should be removed as an authorized signatory on all Grant Township bank accounts. The Clerk and Treasurer and their respective deputies must be the only officials allowed to sign checks.

OTHER MATTERS

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

We have submitted two copies of the audit report, the auditing procedures report, and this letter to the Michigan Department of Treasury, Local Audit Division.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

Terry Kiehl, CRA, P.C.